

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 IO-13 AF-10 ARA-10 EA-10 EUR-12 NEA-11
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R 191504Z MAY 78
FM USMISSION GENEVA
TO SECSTATE WASHDC 9874

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E.O. 11652: N/A
TAGS: ETRD, GATT
SUBJECT: GATT CONSOLIDATED GROUP OF 18

1. GATT SECRETARIAT HAS ISSUED ANNOTATED PROVISIONAL
AGENDA FOR CG-18 MEETING 8-9 JUNE. AGENDA INCLUDES
THREE ITEMS:

ITEM 1 - RECENT DEVELOPMENTS IN TRADE POLICIES AND
INTERNATIONAL TRADE

UNDER THIS ITEM THE GROUP MAY WISH TO CONTINUE ITS REVIEW
OF THE CURRENT SITUATION AND PROBLEMS IN INTERNATIONAL
TRADE WITH PARTICULAR REGARD TO THE PRESENT PROTECTIONIST
TENDENCIES IN SPECIFIC SECTORS AND THE EFFORTS THAT ARE
BEING MADE TO DEAL WITH THE SITUATION. THE SECRETARIAT
INTENDS TO MAKE AVAILABLE TO THE GROUP A BRIEF PAPER THAT
MAY HELP THE GROUP FOCUS ITS DISCUSSION.

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UNDER THIS ITEM MEMBERS OF THE GROUP WOULD ALSO HAVE THE
OPPORTUNITY TO COMMENT ON THE FIRST ISSUE OF THE GATT
SURVEY OF DEVELOPMENTS IN COMMERCIAL POLICY.

ITEM 2 - THE GATT AFTER THE TOKYO ROUND

AT THE END OF THE TOKYO ROUND THE CONTRACTING PARTIES

WOULD HAVE TO FACE A SERIES OF MAJOR TRADE POLICY PROBLEMS AND THERE WILL BE NEED FOR A CLEAR PERCEPTION OF THE ENVIRONMENT FOR INTERNATIONAL TRADE IN THE 1980'S AND OF SOME OF THE MAJOR PROBLEMS IN THE CONDUCT OF INTERNATIONAL TRADE RELATIONS TO WHICH THE GATT MAY NEED TO ADDRESS ITSELF. THERE ARE THREE AREAS ON WHICH IT MAY BE PARTICULARLY NECESSARY TO FOCUS ATTENTION:

(A) THE FUTURE TRADE POLICY RESPONSES TO LOW GROWTH RATES, TO MONETARY INSTABILITY AND TO THE NEED FOR STRUCTURAL ADJUSTMENTS;

(B) THE FUTURE OF THE LEGAL FRAMEWORK GOVERNING INTERNATIONAL TRADE;

(C) THE FUTURE INSTITUTIONS AND PROCEDURES FOR THE MANAGEMENT OF TRADE RELATIONS.

ITEM 3 - OTHER BUSINESS.

2. SECRETARIAT HAS ALSO CIRCULATED NOTES ON AGENDA ITEMS ONE AND TWO AS SUGGESTED BY U.S. (CG.18/W/23 AND CG.18/W/24). FIRST PAPER ENTITLED "HOW PROTECTIONISM PROPAGATES ITSELF" DISCUSSES VARIOUS MECHANISMS BY WHICH PROTECTIONISM SPREADS, NAMELY:

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- A. POLITICAL PRECEDENT AND EXAMPLE;
- B. REPERCUSSIONS THROUGH INPUT RELATIONSHIPS;
- C. THE REACTION TO EXPORTS DEFLECTED FROM A PROTECTED MARKET;
- D. DEFLECTION OF LABOR AND CAPITAL FROM RESTRAINED INDUSTRIES INTO NEW LINES OF PRODUCTION;
- E. DISCRIMINATORY PROTECTION STIMULATING THE EMERGENCE OF NEW EXPORTERS;
- F. RETALIATION BY TRADING PARTNERS.

PAPER SUGGESTS THAT THE GROUP MIGHT ADDRESS THE FOLLOWING QUESTIONS:

- A. DOES PROTECTIONISM TEND TO PROPAGATE ITSELF AND, IF SO, THROUGH WHICH MECHANISMS AND INFLUENCES?
- B. WHICH METHODS OF COPING WITH PROTECTIONISM HAVE

GOVERNMENTS FOUND PARTICULARLY EFFECTIVE?

C. IN WHAT WAYS CAN GOVERNMENTS HELP EACH OTHER IN
COPING WITH PROTECTIONISM?

3. SECOND SECRETARIAT PAPER ENTITLED "GATT AFTER THE
TOKYO ROUND - COMMERCIAL POLICY IN THE 1980'S" SUGGESTS
THE FOLLOWING THEMES FOR DISCUSSION:
ITEM I - HOW IS TRADE LIBERALIZATION TO BE MAINTAINED AND
PURSUED?

1. IN A CONTEXT OF SLUGGISH ECONOMIC GROWTH?

2. IN THE FACE OF MONETARY UNCERTAINTY?
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3. TAKING ACCOUNT OF THE NEED FOR ADJUSTMENT OR
RESTRUCTURING?

ITEM II - HOW IS THE OPERATION OF THE RULES OF INTERNA-

TIONAL TRADE TO BE MAINTAINED AND STRENGTHENED?

ITEM III - HOW IS THE CONCERTATION OR MANAGEMENT OF TRADE
RELATIONS TO BE IMPROVED?

4. UNDER THE LAST ITEM SECRETARIAT ASKS HOW CONCLUSIONS
ADOPTED AT SUMMIT MEETINGS CAN BE TRANSLATED
INTO THE OPERATIONAL PLANE? WHAT ROLE THE CG-18 WOULD
PLAY? HOW IT COULD BE MADE MORE USEFUL AND EFFECTIVE?
WHAT CHANGES OF AN INSTITUTIONAL STRUCTURE WITHIN GATT
COULD MAKE IT MORE USEFUL IN COPING WITH THE TRADE PROB-
LEMS IN THE 1980'S?

5. COMMENT: WE HAVE LEARNED THAT THESE TWO PAPERS ARE
TRUNCATED VERSIONS OF STAFF DOCUMENTS THAT WERE CON-
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SIDERABLY EDITED BY DG LONG. ORIGINAL DRAFTS WERE MORE
SPECIFIC WITH DETAILED EXAMPLES. WE HAVE OBTAINED COPIES
OF ORIGINAL DRAFTS WHICH ARE BEING HANDCARRIED WASHINGTON.
SINCE ITEM III CORRESPONDS TO THRUST OF TPSC PAPER ON
GATT SECRETARIAT REFORM, WE WILL BE SUBMITTING OUR
COMMENTS ON TPSC DRAFTS BY SEPTEL. SORENSON

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